



LEGISLATIVE UPDATE

July 31, 2015

The major education-related event of the week was the lengthy House Appropriations Committee meeting on Wednesday afternoon where a host of speakers, legislators, and fiscal staff addressed key differences between the House and Senate budgets. There is roughly a \$384 million difference between the two chambers' budgets on public education alone. Support for the House budget by each of the presenters on the following K-12 fronts was clear:

- Funding the across-the-board two percent salary increase for educators.
- Maintaining funding for teaching assistants.
- Not reducing class size as proposed by the Senate, especially given resulting new construction needs and the necessary flexibility provided by current allotments.
- Reinstatement of recurring funding for Driver Education.
- Maintain the current employment benefits packages on retiree health coverage.

Retiree benefits are becoming a hot topic this Session. The Senate's plan would eliminate retiree health coverage for new hires as of January 2016. Also, there are rumors of a Senate bill that would eliminate the "defined benefit" for new hires, instead only offering a "defined contribution" plan. For further details on differences between the two spending plans, please see the Fiscal Staff's charts, as presented Wednesday, regarding [salary and benefits](#), [education funding](#), and specific [K-12 items](#) in controversy.

Superintendents and school finance officers across the state are bracing for a longer legislative battle on the budget, conceivably into the fall, well past the beginning of the school year. Dr. Jim Merrill, Wake County Schools Superintendent, told the Committee on Wednesday, "If we must wait until September or October, hang tough, make it worth our wait." Dr. Mary Ellis, Union County Schools Superintendent, told members, "Please, please protect our teacher assistants. Fight the good fight." Bipartisan support for the House budget among the Committee members seemed strong. The Chairman, Representative Nelson Dollar, stated, "However long it takes, however tortured it might be, that everyone here is of the same mind," indicating that the final state budget, at least from the House's perspective, will be responsible, balanced, and meet the needs of our citizens, especially public school children.

Relevant Bills on the Floor This Week:

[HB 13](#) Amend School Health Assessment Requirement

On Monday, the Senate amended and passed HB 13. The bill would require that all students, irrespective of grade, entering the public school system provide proof of having received a health assessment via a health assessment transmittal form. It was amended to additionally require that notice of deficiency to a student's parent or guardian for not receiving a required health assessment must at least inform them that (1) the form is to be

submitted to the principal within 30 calendar days of the child's first day of attendance or the child will not be permitted to attend school until the form is submitted, and (2) an explanation for how the child may make up work missed in accordance with G.S. 115C-390.2(l). On Thursday, the bill was before the House to consider Senate changes (reported in previous Updates). Following lengthy debate on the House floor, regarding the bill and Senate changes in particular, the House voted not to concur. The bill will now go to an appointed [conference committee](#) whereby the chambers will resolve differences.

Relevant Bills in Committee This Week:

[HB 482](#) Employee Misclassification Reform

On Tuesday, a subcommittee of the House Judiciary II Committee met to discuss HB 482 in detail. The subcommittee put forward a recommendation to the full Judiciary II Committee for adoption of an amended version. Judiciary II is scheduled to hear it on Tuesday, August 4. As previously reported, the bill concerns worker misclassification, where some employers classify workers as independent contractors (rather than employees) to purportedly skirt around tax and workers compensation laws. Through discussion in subcommittee, members indicated that more work is needed as they may strike an exemption for Fed-Ex, change the effective date, and make changes requested by the Department of Revenue. Ultimately, despite some issues, House leadership anticipates that this bill will pass before session adjourns. House Judiciary II is scheduled to hear the bill on Tuesday, August 4.

[HB 394](#) Increase Options for Local Option Sales Tax

On Thursday, the House Committee on Finance approved HB 394. It would allow Robeson County to submit to its citizens a referendum allowing the local sales tax to be utilized toward school construction rather than transportation initiatives. Some members expressed concern that this bill would change the policy that local sales taxes be used for local mass transit. However, the bill sponsor and several other members pointed out that rural counties did not need as much money for mass transit, but were disadvantaged regarding the ad valorem value of local property taxes. This bill currently only applies to Robeson County, and allows it to use this money, in addition to property taxes, for school construction needs.

[SB 438](#) Permanent Plates/Charter Schools

On Tuesday, the Senate passed this bill and it has been referred to the House Committee on Transportation. The bill would repeal the sunset enacted last year to authorize DMV to issue permanent registration plates for official vehicles owned by charter schools.

Other Bills with Action This Week:

[HB 334](#) Transfer Office of Charter Schools

- Has not yet been placed on House calendar to consider Senate changes

[HB 383](#) Clarify Statutory Scheme/Sex Offenses

- Presented to Governor

[HB 561](#) School System Authorization Regarding Legal Proceedings

- Placed on House Calendar for Monday, August 3

[HB 792](#) Privacy/Protection from Revenge Postings

- Amended on Senate Floor
- Passed Second Reading in Senate
- Withdrawn from calendar
- Placed on Senate Calendar for Monday, August 3

[SB 37](#) Waive Tuition/Fallen Officer Was Guardian

- Referred to House Committee on Education – Universities

[SB 238](#) Stalking by GPS/Criminal Offense

- Amended and approved in House Judiciary II
- Placed on House Calendar for Monday, August 3

Meetings Next Week (August 3-7):

Tuesday, August 4

- 11:00 AM House Education – Universities
 - [SB 37](#) Waive Tuition/Fallen Officer Was Guardian
- 1:00 PM House Judiciary II Committee
 - [HB 482](#) Employee Misclassification Reform

Wednesday, August 5

- 8:30 AM House Committee on Appropriations

Contact Information:

Rachel E. Beaulieu
Department of Public Instruction
Legislative & Community Relations Director
919-807-4035
Rachel.Beaulieu@dpi.nc.gov

Zane B. Stilwell, II
State Board of Education
Legislative Relations & Policy
919-807-4068
Zane.Stilwell@dpi.nc.gov

Anne Murtha
Legislative Assistant
919-807-3403
Anne.Murtha@dpi.nc.gov

Evan Lee
Summer Legislative Intern
Evan.Lee@dpi.nc.gov
(Through July 31, 2015)

Our summer law intern, Evan Lee, deserves a special "thank you" here on his last day in our office. He has been an enthusiastic and very bright contributor to all of our legislative work this summer. We expect great things of him and wish him the very best in his next two years of law school and beyond.